ANNUAL REPORT FOR 1949

THE OGILVIE FLOUR MILLS CO., LIMITED

THE OGILVIE FLOUR MILLS COMPANY, LIMITED

FOUNDED 1801

Head Office : Montreal, Canada

DIRECTORS

Sir Montagu Allan, C.V.O.
L. J. Belnap
Hon. Chas. A. Dunning, P.C.
A. E. Earwaker
Beaudry Leman
R. McKee
Ross H. McMaster
G. A. Morris
F. K. Morrow
A. Murray Vaughan

OFFICERS

Chairman	Hon. Chas. A. Dunning, P.C.
President	G. A. Morris
Vice-President	H. Norman Davis
Vice-President — Sales	H. Groom
Vice-President — Western Division	E. B. Frost
Vice-President — Operations	A. Atkins
Treasurer	J. C. McLaughlin
Secretary	H. K. Hepburn
Assistant Secretary-Treasurer	H. Cranfield
Comptroller	J. W. Tait

DIVISION MANAGERS

Export Division	H. H. Parker
Western Sales Division	Geo. B. MacLean
Feeds Division	M. G. Smith
Ontario Division	H. T. Cretney
Quebec Division	G. H. Trudeau
Maritime Division	W. R. Duff
Fort William Division	V. W. Maclean
Winnipeg Division	C. B. Miller
Medicine Hat Division	C. R. Taylor
Edmonton Division	C. J. Kent
Vancouver Division	F. D. Crisall

TRANSFER AGENT

The Royal Trust Company
Montreal and Toronto

REGISTRAR

Montreal Trust Company
Montreal and Toronto

Mills at Montreal, Fort William, Winnipeg, Medicine Hat, Edmonton.

Daily capacity: 50,000 Bags of Flour, Feed and Cereals.

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Directors' Report

TO THE SHAREHOLDERS

Your directors present herewith the Balance Sheet and Profit & Loss Account of the Company for the year ended August 31st, 1949, certified by your auditors, Messrs. Creak, Cushing & Hodgson.

Profits for the year, after all charges for administration, maintenance and depreciation, and after making provision for income taxes estimated to be payable, amounted to $786,234.36 out of which there were paid, or reserved for payment, the following dividends:—

Seven percent on the Preferred Stock	$140,000.00	
One Dollar per share on the Common Stock	600,000.00	740,000.00
and there was added to Earned Surplus Account the balance of		$ 46,234.36
There was also added to Earned Surplus Account from Income & Excess Profits Tax Reserve, no longer required, the sum of		$203,597.88
and the Refundable Portion of Excess Profits Tax of		$192,614.61

hitherto segregated from Earned Surplus, was consolidated therewith.

A special appropriation to The Ogilvie Benefit Fund of $25,000.00, required as the result of an actuarial revision, was deducted from Earned Surplus, because applicable to prior years. The annual contribution for maintaining the Fund was charged to operations, in keeping with the change in procedure referred to in last year's report.

Short term serial debentures to the amount of $5,000,000.00 were sold during the year on favourable terms.

This was done to strengthen working capital, which at August 31st stood at $7,930,239.54, without taking into account the spread between the book value and the fair market value of the marketable securities.

Our programme of plant improvement and modernization is now approaching completion and further expenditures of a major nature are not contemplated under present conditions.

As was pointed out a year ago, construction costs exceeding those of prior years make liberal provision for depreciation essential in order to write down high capital costs. For this reason we have again set aside an unusually large amount this year—$694,791.00.

Gross earnings from operations were lower than a year ago.

Investment income, dividends from subsidiary companies and profits on investments sold were also down, while provincial and municipal taxes were somewhat higher.

The net result from all operations, after taxes, was a substantial reduction in earnings, partially offset by the recovery from the tax reserve already referred to.

Flour mill production for the domestic market was well maintained, but with rising costs, without compensating factors. Production for export was sharply down as exchange problems continued to hamper business.

Production of cereals and packaged goods for the domestic market increased due to the introduction of new lines. Export cereal business was almost non-existent, with exchange again a real handicap in our efforts to enlarge outlets.

Good results were obtained from expanding sales of balanced rations and specialty feeds.

Elevator operations were reasonably satisfactory.

The total cost to the Company of maintaining its various welfare plans—including pensions and group insurance—for both staff and plant employees amounted to $114,594.94, in addition to the special appropriation from surplus noted above. While this was a heavy charge upon the Company's operations it is felt that our welfare plans make an important contribution towards the continuance of good employee relations.

The western wheat crop this year varies greatly in yield per acre and in the percentage and quality of the protein content. This increases our milling problems and emphasizes the necessity for the highest degree of scientific laboratory control, for which we are fully equipped.

Coarse grains will be less plentiful than a year ago and unfavourable late harvesting weather caused some quality deterioration in important crop areas.

Under these conditions the outlook for elevator operations is less favourable.

The feed business should, however, continue to expand as feeders generally acquire a wider appreciation of the value of using scientifically prepared rations in the feeding of all livestock.

The cereals and packaged goods business also promises well. Our various Ready-Mixes in particular have been an outstanding success and are already established in popular favour.

The flour business, domestic-wise, cannot be anything but difficult because of intense competition; and export-wise the unpredictable problems of exchange, tariffs, trade agreements and shipping facilities make the outlook too uncertain to forecast.

Under these conditions your directors and management believe their programme of modernization of facilities and diversification of products is the safest course to follow, looking forward to the time when some of the difficulties with which we are now confronted will be overcome as freedom in world trade returns and initiative, linked to quality and service, again becomes the dominating factor of successful enterprise.

It is a pleasure to pay tribute to the efficient services of our employees and to thank them for their devotion to the best interests of the Company.

Submitted on behalf of the Board,

CHAIRMAN

PRESIDENT

Montreal, November 10, 1949.

Balance Sheet, 31st August, 1949

ASSETS

CURRENT ASSETS

Cash		$ 841,733.73	
Accounts Receivable, less Reserve		2,802,787.33	
Stocks of Wheat and Coarse Grains (including purchases for account of The Canadian Wheat Board), Flour, Feeds, Cereals and Bags, as determined and certified by responsible officials of the Company. Company's Stocks valued at cost or under and not above market value at this date, less Reserve		3,774,571.32	
Investments:			
Marketable Securities	$2,290,646.92		
Shares in and amounts owing by wholly owned Subsidiary Companies (the assets of which consist of marketable securities)			
Shares	$155,000.00		
Amounts owing	358,701.02		
	513,701.02		
		*2,804,347.94	
			$10,223,440.32

OTHER ASSETS

Investments in Subsidiary Companies:			
Shares, less Reserve	1,104,217.65		
Amounts owing, less Reserve	265,023.19		
		1,369,240.84	
Other Investments and Mortgages, less Reserve		188,739.79	
Refundable Portion of Excess Profits Tax		171,546.85	
			1,729,527.48

DEFERRED CHARGES

Prepaid Expenses			212,261.83

FIXED ASSETS

Real Estate, Developed Water Powers and Mill Plants in Montreal, Fort William, Winnipeg, Medicine Hat and Edmonton, Terminal Elevator at Fort William and Country Elevators in Manitoba, Saskatchewan and Alberta; Warehouses and Branch Offices at other points; at predecessor Company's net book value of 1924, with additions at cost; Motor Trucks, Office Furniture and Equipment at cost, less Reserve		17,880,306.86	
Less Reserve for Depreciation		7,669,695.53	
			10,210,611.33
GOODWILL, TRADE MARKS, PATENT RIGHTS, ETC.			1.00
			$22,375,841.96

*Fair Market Value, $9,824,000.00.

Auditors'

To the Shareholders,

THE OGILVIE FLOUR MILLS COMPANY, LIMITED:

We have audited the books of The Ogilvie Flour Mills Company, Limited for the ye
Balances and all Securities; that we have obtained all the information and explanations whic
as to exhibit a true and correct view of the state of the Company's affairs, according to
of the Company.

In accordance with Section 114 of The Companies Act, 1934, we further report tha
losses, for the year, of the Subsidiary Companies.

MONTREAL, 14TH OCTOBER, 1949

LIABILITIES

CURRENT LIABILITIES		
Bank Loan (secured)	$ 134,681.72	
Accounts Payable and other Current Liabilities	1,843,351.54	
Provision for Income and other Taxes	130,167.52	
Provision for Dividends Payable	185,000.00	
		$2,293,200.78
SERIAL DEBENTURES		
Series A—2⅜% due 1951-1952	2,000,000.00	
Series B—2¾% due 1951-1953	3,000,000.00	
		5,000,000.00
PREFERRED STOCK		
Authorized, Issued and Fully Paid—		
20,000 Seven per cent Cumulative Preferred Shares of $100.00 each		2,000,000.00
COMMON STOCK AND SURPLUS		
Common Stock:		
Authorized, Issued and Fully Paid—		
600,000 Shares of No Par Value	2,500,000.00	
Rest Account	$5,000,000.00	
Earned Surplus:		
Balance as per Statement attached	5,582,641.18	
	10,582,641.18	
		13,082,641.18
		$22,375,841.96

NOTE: Commitments for uncompleted portion of plant under construction, contracted for to date $310,000.00.

Approved on behalf of the Board:

CHARLES A. DUNNING } *Directors*
H. MONTAGU ALLAN }

Certificate

r ended 31st August, 1949, and report that we have verified the Cash on hand, the Bank we have required; and that, in our opinion, the above Balance Sheet is properly drawn up so the best of our information and the explanations given to us and as shown by the books

the dividends received from Subsidiary Companies did not exceed the aggregate profits less

CREAK, CUSHING & HODGSON, *Chartered Accountants*

Profit and Loss Statement

FOR THE YEAR ENDED 31st AUGUST, 1949

Earnings from Operations before deductions enumerated below		$1,287,963.10
Less Depreciation on Buildings and Machinery		694,791.00
		593,172.10
Add:		
Investment Income	$308,051.55	
Dividends from Wholly Owned Investment Subsidiary Companies	442,000.00	
Net Profit on Investments Sold	64,024.74	
		814,076.29
		1,407,248.39
Deduct:		
Interest on Debentures	92,657.54	
Provincial and Municipal Taxes	260,019.01	
Legal Expense	7,090.95	
Remuneration of Executive Officers	177,529.55	
Remuneration of Directors	18,716.98	
		556,014.03
		851,234.36
Deduct:		
Provision for estimated Income Tax		65,000.00
Net Profit for year, carried to Statement of Earned Surplus		$786,234.36

Statement pursuant to Section 113, The Companies Act, 1934:
The total remuneration received by Officers and Directors from the Subsidiary Companies amounted to $15,049.96.

Statement of Earned Surplus

FOR THE YEAR ENDED 31st AUGUST, 1949

Balance at 31st August, 1948		$5,165,194.33
Deduct:		
Contribution to Benefit Fund with respect to past service		25,000.00
		5,140,194.33
Add:		
Adjusted Refundable Excess Profits Tax, previously carried as a separate item	$192,614.61	
Adjustment of prior years' Provision for Income and Excess Profits Taxes	203,597.88	
		396,212.49
		5,536,406.82
Add:		
Net Profit for year, as per Profit and Loss Account		786,234.36
		6,322,641.18
Deduct:		
Dividends for the year ended 31st August, 1949		
On Preferred Stock	140,000.00	
On Common Stock	600,000.00	
		740,000.00
Balance as per Balance Sheet		$5,582,641.18

Ogilvie's

148th YEAR OF SERVICE

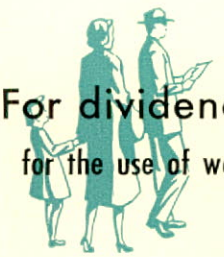
REQUIRED THE EXPENDITURE IN CANADA OF THE FOLLOWING AMOUNTS:

For wheat, coarse grains, etc. delivered at our plants **$51,362,000**

For salaries and wages to employees
including welfare and pensions **3,053,000**

For services and supplies
fuel, power, plant maintenance, containers, etc. **3,994,000**

For taxes paid to Dominion, Provincial
and Municipal authorities (not including sales taxes) **325,000**



For dividends to shareholders
for the use of working capital, plant and machinery provided by them **740,000**

IF IT'S "OGILVIE" — IT'S GOOD!

Ogilvie products are available for a great variety of kitchen, bakery and farm requirements.

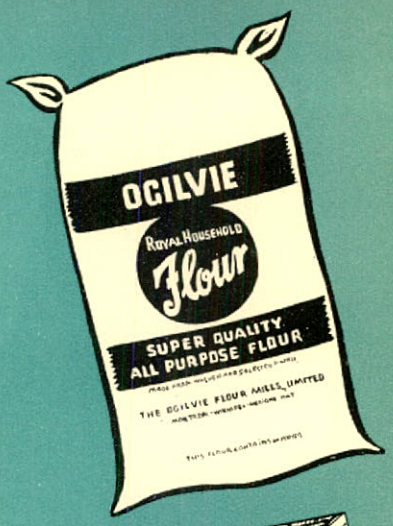
• • • More Ogilvie products can be found in leading stores throughout Canada than ever before in the Company's history. They are attractively packaged and well displayed, each one designed to make friends for us in Canadian homes, bakeshops and farms.

• • • OGILVIE (Royal Household) FLOUR is an outstanding all-purpose flour, equally good for bread, cakes and pastry.

• • • OGILVIE MIXES are simple to use—all you do is add water, the cheapest ingredient in the kitchen. Ogilvie Mixes are complete: they contain all the needed ingredients, including eggs and milk, their freshness sealed into each package by a patented process.

• • • OGILVIE OATS, OGILVIE VITA-B CEREAL and OGILVIE WHEAT-HEARTS are breakfast favourites. Of OGILVIE OATS we say with pride: "They taste better—they are better." VITA-B CEREAL is a comparative newcomer to the market, but has already established itself as a leader. WHEAT-HEARTS, the purest wheat granule cereal, has been well known in Canadian homes for many years, and continues to grow in popularity.

• • • Bakery requirements are many. Over the years Ogilvie has developed specialty flours to suit all methods and types of commercial baking. Leading brands are OGILVIE (Royal Household), CHEF ROYAL, GLENORA, MEOTA, WHOLE WHEAT, CAKENE and BISKENE.

• • • MIRACLE FEEDS are manufactured for all types of livestock, as well as fur-bearing animals and domestic pets. Produced to rigid laboratory standards, each ingredient carefully measured and mixed, MIRACLE FEEDS are designed to give maximum results to the feeder. Our own service men visit feeders regularly to ensure that— "When you buy MIRACLE FEEDS you buy results."

• • • Ogilvie products are based on quality, backed by service and proven by results.